

Himadri

Himadri Speciality Chemical Ltd

CIN: L27106WB1987PLC042756

NOMINATION AND REMUNERATION POLICY

Version	Revision Date	Approved By	Date Approved
Adopted on	13 November 2014	Board	-
V1	29 May 2018	Board	29 May 2018
V2	13 August 2021	Board	13 August 2021
V3	11 February 2022	Board	11 February 2022
V4	10 February 2023	Board	10 February 2023

Nomination & Remuneration Policy of the Company

I. PREAMBLE

Pursuant to Section 178 of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI Listing Regulations'), the Board of Directors of every listed Company shall constitute the Nomination and Remuneration Committee. The Company has already constituted the Committee comprising of three non-executive Independent Directors as required under Listing Regulations.

In order to comply with the provisions of the Companies Act, 2013 and the amended Listing Agreement from time to time, the Board on 13th November 2013 changed of the nomenclature of the "Remuneration Committee" as "Nomination and Remuneration Committee"

Section 178 of the Companies Act, 2013, inter-alia provides that the Committee shall formulate the criteria for determining qualifications, positive attitudes and independence of a Director and recommend to the Board a policy relating to remuneration for Directors, Key Managerial Personnel (KMP) and other employees;

The Remuneration Policy of Himadri Speciality Chemical Limited (the "Company") and its subsidiaries, is designed to attract, motivate and retain quality people in a competitive market. The Policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.

The Remuneration Policy applies to Directors, Key Managerial Personnel and other employees of the Company. This Policy does not cover temporary or contractual employees, trainees, apprentices, consultants engaged on a retainer basis or otherwise and casual labour.

II. INTERPRETATION

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, SEBI Listing Regulations and/or any other SEBI Regulations as amended from time to time.

III. OBJECTIVE

- a) To make recommendations to the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management Personnel;
- b) To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- c) To evaluate the performance of the members of the Board and provide necessary reports to the Board for further evaluation and to ensure relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- d) To make recommendations to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management Personnel and to ensure that such remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- e) To lay down approach for Board diversity.

IV. DEFINITIONS:

“**Applicable Law**” includes any statute, law, regulation, ordinance, rule, judgment, order, decree, bye-law, clearance, directive, guideline, notifications and clarifications or other governmental instruction and/or mandatory standards as may be applicable to the Company from time to time.

“**Board**” means Board of Directors of the Company.

“**Company**” means “Himadri Speciality Chemical Limited”

“**Employee**” means any person who is in the permanent employment of the Company.

“**Employees’ Stock Option**” means the option given to the Directors, officers or employees of the Company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the Company at a future date at a pre-determined price.

“**Independent Director**” means a director referred to in Section 149 (6) of the Companies Act, 2013 and in Regulation 16 of SEBI Listing Regulations;

“**Key Managerial Personnel**” (KMP) means persons referred to in Section 2(51) of Companies Act, 2013;

(i) Chief Executive Officer or the Managing Director or the Manager;

(ii) Company Secretary;

(iii) Whole-time Director;

(iv) Chief Financial Officer;

(v) Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and

(vi) Such other officer as may be prescribed.

“**Nomination and Remuneration Committee**” shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations.

“**Policy or This Policy**” means, “Nomination and Remuneration Policy.”

“**Remuneration**” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

“**Service rules/HR Policy**” means “Service Rules/HR Policy” as framed by the management which are applicable to all employees, as amended or modified from time to time by the management.

“**Senior Management**” means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the chief executive officer/managing director/whole time director/ (including chief executive officer/, in case they are not part of the Board) (except administrative support staff/executive assistants) and shall specifically include the Company Secretary and Chief Financial Officer:

An Organisation Chart defining the Core Management Team and managerial personnel “one level below the chief executive officer/managing director/whole time director/manager” is annexed hereto forming the part of this policy and marked as Annexure “A”.

V. APPOINTMENT AND REMOVAL:

A. Appointment criteria and qualifications:

1. The Board shall comprise of optimum number of Directors as is necessary to effectively manage the affairs of the Company. Subject to a minimum of 3 and maximum of 15, the Board shall have an appropriate combination of Executive, Non-Executive, Independent and Woman Directors.
2. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment. While evaluating a person for appointment / re-appointment, the management shall considers various factors including individual’s background, competency, skills, abilities (viz. leadership, ability to exercise sound judgement), educational and professional background, personal accomplishment, age, relevant experience and understanding of related field viz. marketing technology, finance or such other discipline relevant to present and prospective operations of the Company.
3. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
4. Any appointment or continuation of the employment of any person as Managing Director/Whole-time Director/Manager who has attained the age of seventy years will be subject to the approval of the shareholders by passing a special resolution or such other provisions of the Companies Act, 2013 and rules made thereunder read with SEBI Listing Regulations as amended from time to time.
5. The appointee while continuing in his / her office shall not engage in any business or commercial activity, which might detrimentally conflict with the interest of the Company.
6. For appointment of every independent director, the Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description.
7. For the purpose of identifying suitable candidates for appointment of an independent director, the Committee may:
 - i) use the services of an external agencies, if required;
 - ii) consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - iii) consider the time commitments of the candidates

B. Term / Tenure:

The term / tenure of the Directors shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder and Listing Regulations as amended from time to time.

1. **Managing Director/Executive Director/Whole-time Director/Manager:** The Company shall appoint or re-appoint any person as its Managerial Person for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
2. **Independent Director:** An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on 1 October, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he/she shall be eligible for appointment for one more term of 5 years only.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director Serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed Company.

C. Evaluation:

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management at regular intervals (preferably yearly).

D. Removal:

Owing to reasons for any disqualification mentioned in the Companies Act, 2013 ('Act'), rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Directors, KMP and Senior Management subject to the provisions and compliances of the said Act, rules and regulations made thereunder and Service rules/HR Policy of the Company as prevalent at that time, as applicable.

E. Retirement:

The Managing Director / Executive Director / Whole Time Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing Policy of the Company. The Board will have the discretion to retain the Managing Director / Executive Director / Whole Time director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company subject to such approvals as may be required in this regard.

VI. PROVISIONS RELATING TO REMUNERATION:

A. General:

1. The remuneration / compensation / commission etc. to Directors, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and such other approvals, as may be required by the Companies Act, 2013 or SEBI Listing Regulations.

2. The remuneration and commission to be paid to Directors shall be in accordance with the shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force and in accordance with and subject to the relevant provisions of the Articles of Association of the Company.
3. Increments to the existing remuneration / compensation structure of the Directors may be recommended by the Committee to the Board which should be within the slabs approved by the shareholders.
4. Where any insurance is taken by the Company on behalf of its Managing Director, Executive / Whole Time Directors, KMP, Senior Management and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel
5. All the Directors shall be entitled to reimbursement of reasonable expenditure incurred by him/her for attending Board/Committee meetings, general meetings, court convened meetings, meetings with shareholders/creditors/management, site visits, induction and training programmes and in obtaining professional advice from independent advisors in the furtherance of his/her duties as a director.

B. Remuneration to Non-Executive and Independent Directors:

1. **Remuneration / Commission:** The Committee may recommend the payment of remuneration / commission in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder and SEBI Listing Regulations, as may be amended from the time being in force.
2. **Sitting Fees:** The Non- Executive including the Independent Directors may receive remuneration by way of fees for attending meetings of Board and its Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee(s).
3. **Limits on Commission:** Commission may be paid within the monetary limit approved by Shareholders, from time to time, subject to the limits computed as per the applicable provisions of the Companies Act, 2013, and SEBI Listing Regulations.
4. **Stock Options:** An Independent Director shall not be entitled to any stock option of the Company.
5. No profits or Inadequacy of profits: In case of no profits or inadequacy of profits during a financial year, the remuneration payable to Non-Executive Directors including Independent Directors of the Company, shall be subject to the limits prescribed under the Act and the SEBI Listing Regulations.
6. The sitting fee shall be payable immediately after the board / board committee meeting to those directors who attend the meeting, the Commission shall be payable at the end of the financial year after approval of the annual financial statements by the Board of directors.
7. The Non-Executive Directors shall be entitled to receive such amount as may be approved by the Board for any other services rendered in professional capacity.

C. Executive / Whole Time Directors

I. Appointment/ Re-appointment, Remuneration and Terms and Conditions:

Appointment and re-appointment, if any, of Executive Directors/ Whole Time Directors including remuneration and other terms and conditions thereof shall be in accordance with the provisions of Section 196, 197 of the Companies Act, 2013 read with Schedule V appended thereto and SEBI Listing Regulations. The Committee will recommend the appointment or re-appointment, if any, of any of the Executive/ Whole time Directors to the Board and same will be approved by the shareholders by passing necessary resolution(s).

The components of remuneration package may include the following:

- Basic Pay
- Allowances
- LTA
- Any other perks and benefits.

II. Minimum Remuneration

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Executive/ Whole Time Directors in accordance with the provisions of Schedule V of the Companies Act, 2013 and SEBI Listing Regulations..

D. Key Managerial Personnel and Senior Management

Remuneration of KMP and Senior Management Personnel should be recommend by the Nomination and Remuneration Committee and subsequently approved by the Board of Directors. The remuneration should be evaluated annually against performance of the Company, individual performance/ contribution.. The remuneration of KMP and Senior Management Personnel may comprise of the following:

- A fixed base salary, set at a level aimed at attracting and retaining executives with professional and personal competences required to drive the Company's performance.
- Special pay
- Variable pay linked with performance in respect of certain positions
- Allowances (HRA, Conveyance etc.)
- LTA
- Perquisite and benefits
- Coverage on Mediclaim
- Retirement benefits including Superannuation

E. Other Employees

The remuneration including revision in remuneration of other employees shall be decided by the Human Resources Department within the overall framework of compensation and appraisal policy of the Company.

VII. Policy on diversity of the Board:

- a) The Company acknowledges the importance of diversity in its broadest sense in the Boardroom as a driver of Board effectiveness. Diversity encompasses diversity of perspective, experience, education, background, ethnicity and personal attributes. The Company recognizes that gender diversity is a significant aspect of diversity and acknowledges the role that woman with the right skills and experience can play in contributing to diversity of perspective in the Boardroom.
- b) The Nomination and Remuneration Committee shall review and evaluate Board composition to ensure that the Board and its Committees have the appropriate mix of skills, experience, independence and knowledge to ensure their continued effectiveness. In doing so, it will take into account diversity, including diversity of gender, amongst other relevant factors. The Committee will ensure that no person is discriminated against on grounds of religion, race, gender, pregnancy, childbirth or related medical conditions, national origin or ancestry, marital status, age, sexual orientation or any other personal or physical attribute which does not speak to such person's ability to perform as a Board member.

- c) All appointments to the Board (as recommended by the Nomination & Remuneration Committee) shall be made on merit while taking into account suitability for the role, Board balance and composition, the required mix of skills, background and experience (including consideration of diversity and ethnicity). Other relevant matters such as independence and the ability to fulfil required time commitments in the case of Independent and Non-Executive Directors will also be taken into account;
- d) The Nomination & Remuneration Committee shall monitor and periodically review the Board Diversity and recommend to the Board so as to improve one or more aspects of its diversity and measure progress accordingly;
- e) The Company will be able to ensure Board diversity if shareholders are able to judge for themselves whether the Board as constituted is adequately diverse. The Company shall continue to provide sufficient information to the shareholders about the qualifications, expertise and characteristics of each Board Member.

VIII. Assistance from Outside Agency

The NRC may take the assistance of External expert/agency as and when required to ensure that recommendations are based on rationale as also parameter to judge the performance level through a process.

IX. Amendment / Revision

The Nomination & Remuneration Committee shall monitor and periodically review the Policy and recommend the necessary changes to the Board for its approval.

The HR-Head and the Company Secretary are jointly authorised to amend the Policy to give effect to any changes/amendments notified by Ministry of Corporate Affairs or the Securities and Exchange Board of India. The amended Policy shall be placed before the NRC and the Board for noting and ratification.

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

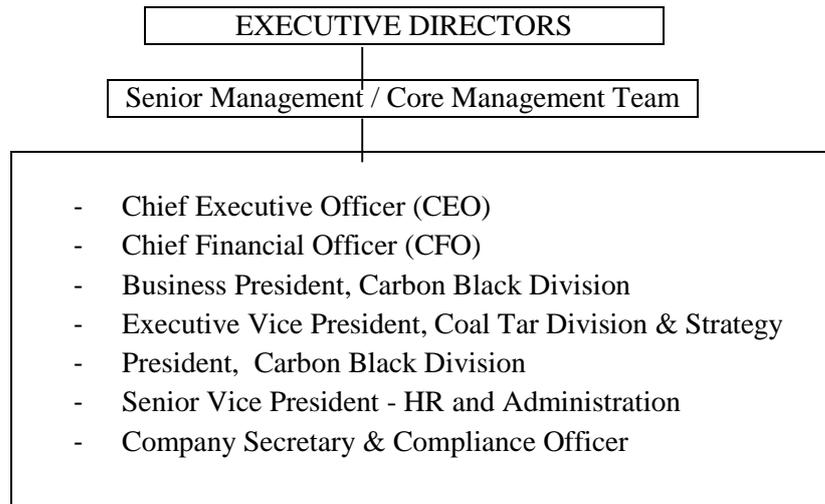
Dated: 10 February 2023

Sd/-
Anurag Choudhary
Chairman Cum Managing
Director & CEO

Annexure – A*

(One Level below the Executive Directors including functional heads)

HIMADRI SPECIALITY CHEMICAL LTD



*** Amended with effect from 13August 2021**